

**FURTHER EDUCATION
COMMISSIONER ASSESSMENT
SUMMARY**

Somerset College of Arts and
Technology

JUNE 2015

Assessment

Background

Somerset College of Arts and Technology was formed in 1974 when Somerset College of Art and Taunton Technical College merged. It is located in Taunton, the County Town of Somerset, within the Heart of the South West LEP area.

The college is based on a single campus consisting of 9 purpose built facilities including, a conference centre, a construction centre and an art and design centre (currently being rebuilt as The Arts House). The college offers a wide range of level 1, 2 and 3 vocational courses, including GCSEs, plus a number of level 4 courses. In addition, the College is a provider of 16-18 and 19+ apprenticeships with a relatively small in-house offer of intermediate and advanced levels across 7 frameworks. They are also part of a joint venture company to provide apprenticeship programmes in the armed forces.

The college was issued with a Notice of Concern on 8 June 2015 following a judgment of Inadequate financial health based on the anticipated need for exceptional financial support in 2014/15.

In the light of these concerns, the Minister for Skills decided that the FE Commissioner should assess the position of the college in line with the government's intervention policy set out in '*Rigour and Responsiveness in Skills*'.

The FE Commissioner's report is intended to advise the Minister and the Chief Executive of the Funding Agencies on

- a) The capacity and capability of Somerset College of Arts and Technology's leadership and governance to deliver financial recovery within an agreed timeframe
- b) Any action that should be taken by the Minister and/or the Chief Executive of the funding agencies to ensure the delivery of financial recovery and quality improvement (considering the suite of interventions set out in '*Rigour and Responsiveness in Skills*') and
- c) How progress should be monitored and reviewed, taking into account the Agency's regular monitoring arrangements.

Assessment and Methodology

The FE Commissioner, supported by an FE Adviser carried out an assessment during the period 15th June - 19th June 2015. They received in advance extensive briefing information from the SFA and the EFA. A wide range of college documentation was reviewed and they interviewed Board members, managers, staff, students, and representatives of the trade unions. They also toured the college.

The Role, Composition and Operation of the Board

The Board of the college is well balanced with an appropriate range of skills and with the necessary abilities to challenge. At the last Ofsted inspection governance was described as “outstanding”. Clerking arrangements are good but could be improved with more detailed minuting of challenges when made, evidence of which exists elsewhere.

Since then the Board has continued to support the senior team in maintaining good quality provision and financial health, while being aware of the difficulties that a relatively small college faces in a highly competitive environment.

Throughout 2013/14 the Board and senior team carried out a business analysis of the college’s future sustainability and analysed the findings with the assistance of an external consultant. As a result it took the decision to undertake a Strategic Review that would consider a longer term strategy to secure the future of education and training in Taunton and Somerset.

Following consultation with external and internal stakeholders carried out by an independent company the Board considered the findings and gave approval to seek out a merger partner through a competitive process. A prospectus detailing the college’s position and criteria and assessment methodology was prepared and advertised. Received proposals were then analysed and considered against a detailed assessment plan.

The process has been thorough and well considered and has included internal consultation with staff, students and union representatives. Four potential partners were interviewed on 18th June and a preferred bidder chosen for further detailed consideration. It is intended to complete the process by the end of July with a merger date set in the new academic year.

This Strategic Review reflects well on both the Board and the senior team in recognizing the need for change and putting the needs of learners and employers in the area ahead of any self-interest.

The Senior Leadership Team

The Executive Team consists of the Principal and VPs of Finance & Resources and Curriculum & Quality. Both the Principal and the VP Finance & Resources have been with the college for eight years and the VP Curriculum & Quality has been in post for four years.

Overall, the senior leadership team is well qualified and experienced. Over the years it has achieved both inspection success and until recently financial stability in what has been a challenging environment. The college is well run and students speak very highly of the support they receive from staff. The leadership team’s record of past success and the proactive way it is approaching the college’s present difficulties suggests that it will be able to resolve the present issues

Quality of Provision

The college was inspected by Ofsted in March 2011 with its overall effectiveness graded as 2 (Good), with some provision being rated Outstanding. Teaching and learning were considered to be good and technology used very effectively 'to bring subjects to life and develop student's understanding'. The Inspectors commented in particular on the "outstanding range of well-planned provision" and the strength of partnership working, with the added comment that "the college makes an excellent contribution at a strategic level to county wide developments".

Quality Improvement

The college has well established quality improvement systems. Its self-assessment process is both comprehensive and thorough, recognizing key strengths, identifying areas for improvement and producing a plan to address the issues that have been identified.

Over the past year there has been, for example, a major drive to improve English and Maths, with a significant upturn in those sitting their final exams and an anticipated increase in success rates.

Employability skills are similarly well developed through a mixture of work experience, real work environments and live projects with employers, particularly in art and design, computing, gaming and business. Examples of these include computer students designing websites for employers, construction students supporting charitable groups in the community and early year's students working with a local nursery to plan activities for children in college.

Outcomes

Outcomes for learners are variable across the college, with a relatively poor performance in 2013/14 for 16-18 year olds with an overall success rate of more than 10% below the national average. This contrasts markedly with the success rates for those aged 19+ which are above the national average for the provider group during the same period.

The main issue was with the retention of 16-18 year old students where the college performed well below the national benchmark (-11%). Achievement rates for the same age group were within 2% of the national average. This is a matter that is being urgently addressed and early indications suggest that there will be a significant improvement in the figures for 2015/16.

Teaching and Learning

In the last full academic year 85% of classes observed were graded as good or better - a 1% improvement in the previous year. Teacher observation processes are thorough, with good levels of support for those who, when observed, fall short of what might have been expected. Advanced practitioners will work in particular with those who receive a Grade 3 or Grade 4 but the time allowed for improvement before more serious action is taken is too long (up to 12 weeks). This should be reviewed as a matter of urgency.

The Present Financial Position – Overview

Income and Expenditure

Over recent years, the college has consistently produced Operating Surpluses which compare favourably with the best performance in the Sector, in which a surplus of 3% is considered to be a strong performance.

Nevertheless the Executive Team has been keenly aware for some time that they needed a more robust response to the situation of adverse demographics, increased competition and funding cuts. It was realised two years ago that a different structure would be needed moving forwards. It was therefore due to these increasing pressures that the College began the process to identify options for the future. This process is approaching a conclusion with the identification of a suitable merger partner.

The Current Year 2014/15

The college has faced a number of challenges in the current year. The main problem has been the discovery of asbestos in the Arts House capital project which has led to delays in the project and additional, unplanned costs. Its income, however, is also reducing due to falling learner numbers, especially in its 16-18 and HE provision. This, coupled with funding reductions, has meant that the college has needed to develop restructuring plans to reduce its staff costs and find other savings. At the time of the intervention, cost reductions of nearly £3 million had been identified. The bulk of these savings which are in the “Programmed” category are subject to detailed plans to the extent that where staff are concerned individuals have already been identified and the staff notified.

Financial Forecasts Beyond 2014/15

Liquidity/Cash

The college has identified that it will need exceptional financial support with effect from the end of July 2015. It currently has a limited overdraft facility with Barclays Bank which it has never so far needed to use. This would not provide sufficient cover.

The Estate and Capital Plans

The Arts House project has caused serious problems for the college during 2014/15. The timing of this project was dictated by the availability of grant funding. Soon after work on the project started, significant quantities of asbestos were found. This had two consequences namely significant delays to the project completion and significant unplanned additional costs.

The college also has plans to develop its residential facilities for HE students.

Financial Oversight by the Board

Governors provide a strong financial challenge and include at least one qualified accountant. They appear to be presented with clear appropriate and timely information by the SLT.

Budget-setting Arrangements

The process used by the college to set its budget is consistent with recognised best practice in the sector. The process starts with meetings between members of the MIS department and the curriculum management led by the VP Curriculum & Quality to develop a detailed curriculum plan. The individual curriculum plans of each curriculum department are then subjected to a challenge from the Senior Leadership Team, the Finance Manager and the Director of Funding, Information & Learning Resources. The features that are tested are as follows:

- Financial viability
- Recruitment plans
- Fit with employers' needs/requirements
- Staffing needs, including the implications for the casual staff budget.

When the curriculum plan is confirmed the relevant figures relating to income and staff costs are fed directly into the college's financial budget.

The Effectiveness of the Finance Team

The finance team is appropriately organised and staffed. The Finance Manager has reviewed and updated the college's Financial Procedures during the current year. This has been done in liaison with the college's Auditors who have declared themselves to be content with the new procedures. Overall the quality of financial information is high and the college team have a good track record in forecasting.

The Financial Stability Plan

In May 2015 in response to a request from the SFA to update its financial forecasts to take account of its deteriorating financial position, the college produced a Financial Stability Plan.

In this plan the college identified significant financial improvements to address its current financial situation and set out its intention to find a long-term partner to secure its future with details of the timescale involved. This followed a strategic review which had been undertaken by the college with advice from KPMG between January and March 2015. The review recommended that a hard federation or merger should be sought. This recommendation was accepted by the Board on 26th March 2015.

Conclusions

Somerset College of Arts and Technology has many strengths but is struggling to maintain financial stability in the face of demographic changes and a highly competitive environment. It has faced up to this situation by undertaking a Strategic Review over the last eighteen months, which is currently coming to a conclusion. A potential partner has been identified that will not only be able to support the college in its drive for improved quality and financial health but by combining expertise and resources increase the extent and nature of what is on offer for learners and employers in the area. It is hoped that the proposed merger will be approved and implemented at the earliest opportunity.

Recommendations from Further Education Commissioner

The College Board and senior management team should be supported in their merger proposals, with a view to the resolution of the college's present difficulties within the next academic year.

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